

ECONOMY

Carter Bank, Justice family reach accord on \$300 million in loans

The loan portfolio has been the subject of years of legal clashes between the Martinsville-based bank and West Virginia Gov. Jim Justice and his family.



by **Matt Busse**
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West Virginia Gov. Jim Justice, his family and their businesses have reached a settlement with Martinsville-based Carter Bank & Trust over \$300 million in loans. Courtesy of Justice's official Flickr account.

Martinsville-based Carter Bank & Trust has reached an agreement with West Virginia Gov. Jim Justice, his family and their companies regarding the repayment of approximately \$300 million in outstanding loans, according to separate statements Wednesday.

Both sides said that their agreement entails a “pathway of curtailment and payoff of the loans” that Justice; his wife, Cathy; their son, Jay; and their network of family companies have with Carter Bank. The loan portfolio has been the subject of legal clashes for years, with the Justices accusing the bank of hindering their ability to repay and the bank saying the Justices have been stalling despite the bank’s continued cooperation.

It’s unclear exactly what the path forward entails for the Justices, who own The Greenbrier luxury resort in White Sulphur Springs, West Virginia, and a variety of coal, agricultural and hospitality businesses; the family said in a news release that “specific terms of the settlement remain confidential.” The loans are personally guaranteed by the Justices and are backed by collateral including property at the Greenbrier Sporting Club, which the bank [moved to auction](#) in February and which the Justices [sued to protect](#).

“Our family is committed to satisfying our outstanding obligations to Carter Bank and fulfilling our commitments under the terms of the agreement reached with Carter Bank,” Jay Justice said in the family’s news release, which referred to the agreement as a “global settlement” and said it was reached on Tuesday “following months of negotiation.”

“We look forward to focusing our attention on these efforts and believe that this resolution will ensure that The Greenbrier remains a part of the Justice family’s holdings for generations to come,” he said.

Carter Bank said in a [statement filed Wednesday](#) with the U.S. Securities and Exchange Commission that the Justices have already begun repayment, reducing their loan balance from \$301.9 million at the end of the first quarter to \$294.1 million as of June 20.

Carter Bank also said it has obtained a voluntary dismissal of a [\\$1 billion federal lawsuit](#) that the Justices filed in November against the bank and that it anticipates dismissal “in the near future” of the [lawsuit filed in West Virginia](#) aiming to block the auction of sporting club property.

The [federal lawsuit alleged](#) that Carter Bank & Trust and its directors violated banking laws and stopped the Justices from working with other lenders so that the bank could preserve a stream of interest income. The bank denied the allegations, saying it had worked with the family and their companies over the years to extend existing loans and advance new credit.

Many of the allegations in the federal suit echoed those laid out in a lawsuit that the Justices filed in 2021 before announcing later that year that they had resolved their dispute with the bank.

The conflict came back into the public spotlight when the loans' due date of April 15, 2023, passed without repayment and the bank **filed judgment claims** against the Justices in Martinsville Circuit Court. The family subsequently renewed its accusations of obstructive conduct and challenged the bank's judgment claims in court, but in January a judge **denied their request** to set the claims aside.

Carter Bank said Wednesday that the federal lawsuit's dismissal means the Justices cannot bring future legal actions based on the allegations in that suit and that the Justices "executed a release that waives any and all causes of action of any kind that they might claim to have against Carter Bank." The bank also said that with the latest agreement, the Justices executed documents "reaffirming the legality, validity and binding nature" of all of their loans.

"Carter Bank continues to believe that it is fully secured on all loans it has outstanding to and obligations from the Justice Entities," the bank said in its SEC filing.

Jim Justice, a Republican who has been West Virginia's governor since 2017, is running for the U.S. Senate seat being vacated by former Democrat Joe Manchin.

The Justices have said in court filings that they and the bank enjoyed a friendly relationship starting with a \$4.5 million real estate loan in 2001 from Worth Carter Jr., who later combined 10 banks to form Carter Bank & Trust. After Carter died in 2017 and new management took over, that relationship soured, the Justices have said.

Carter Bank & Trust has \$4.5 billion in assets and more than 60 locations in Virginia and North Carolina, and the Justices and their companies collectively are the bank's largest borrower, at one time owing the bank around \$775 million. The bank has said in court filings that it has been trying to reduce its financial exposure to the Justices.

In October, Carter Bank said that putting the Justices' loan portfolio in nonaccrual status — in which a borrower no longer makes payments, and therefore the loan no longer earns interest for the bank — cost it more than \$20 million in interest income over two quarters.

Meanwhile, the bank is embroiled in **a separate but related \$226 million federal lawsuit** filed in February. A trust company representing investors who backed financing for a Justice-owned firm, Bluestone Resources, argues that Carter Bank "forced" Bluestone to repay debt owed by other Justice companies, hindering

Bluestone's ability to repay other creditors such as those represented by the trust company. The bank denies the allegations.

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